

## **Accountable care organizations**

**ISSUE:** An Accountable Care Organization (ACO) is a group of providers that would be held responsible for the quality and cost of health care for a population of Medicare beneficiaries. Policies may be designed so that ACOs have a financial incentive to reduce the growth rate of Medicare spending.

**KEY POINTS:** We will provide the Commissioners with information on two types of ACO designs. We will then contrast the strengths and weaknesses of the ACO designs with the strengths and weaknesses of the current fee-for-service and Medicare Advantage payment systems.

**ACTION:** Commissioners can discuss the findings and decide if there are specific design choices they would like the staff to develop further.

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